MODIMOLLE LOCAL MUNICIPALITY

Annual Financial Statements

for

MODIMOLLE LOCAL MUNICIPALITY

for the year ended 30 June 2009

Province:	Limpopo
AFS rounding:	***R (i.e. only cents)***

Contact Information:

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MODIMOLLE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2009

General information

Members of the Council

TT Mohapi (resigned 28/01/2009)	**Mayor**
KE Lekalakala (appointed 29/01/2009)	
MP Kekana (resigned 23/01/2009)	**Speaker**
MJ Mashao (appointed 24/01/2009)	
KE Lekalakala (resigned 28/01/2009)	**Members of the Executive Committee**
SA Sebolai (appointed 28/01/200)	
WL Fourie	
MS Olifant	**Members**
SD Sebelebele	
MS Motshegoa (Chief Whip)	
LR Motshegoa	
LG Trichardt	
R Molekoa	
LW Van Aswegen	
SR Monanyane	
MA Moima	
WL Botes	
SF Kobe (appointed 24/05/2009)	
MP Kekana (appointed 23/01/2009)	

Municipal Manager

K S Lekala (Acting)

Chief Financial Officer

S S M Botha (Acting)

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

First National Bank

General information (continued)

Registered Office:	Municipal Offices
Physical address:	Oliver Tambo Square Harry Gwala Street Modimolle 0510
Postal address:	Private Bag X1008 Modimolle 0510
Telephone number:	014 718 2000
Fax number:	014 717 4077
E-mail address:	ajordaan@modimolle.gov.za

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 38, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K S LEKALA
MUNICIPAL MANAGER **DATE**

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MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current assets			
Cash and cash equivalents	2	10 592 483	17 513 289
Consumer debtors	3	20 676 256	15 220 278
Other receivables	4	5 886 191	7 142 664
Inventories	5	3 816 791	3 409 439
Investments	6	16 661 279	14 235 021
Current portion of loans and receivables	8	-	48 095
Non-current assets			
Property, plant & equipment	7	181 745 629	120 085 690
Investments	6	1 253 513	1 908 139
Loans and receivables	8	100 267	100 267
Total assets		**240 732 408**	**179 662 882**
LIABILITIES			
Current liabilities			
Bank overdraft	2	1 216 250	-
Trade and other payables	9	17 463 493	29 102 517
Consumer deposits	10	2 378 025	2 282 898
Unspent conditional grants and receipts	11	2 513 140	2 118 485
Current portion of interest bearing borrowings	12	446 081	571 582
Current portion of finance lease obligation	13	263 250	429 786
Non-current liabilities			
Interest bearing borrowings	12	3 651 446	4 125 361
Finance lease liability	13	368 914	632 164
Non current provision	14	11 306 934	10 549 500
Total liabilities		**39 607 533**	**49 812 293**
		201 124 876	**129 850 589**
Net Assets			
Housing Development Fund		483 263	483 263
Revaluation Reserve		40 063 462	
Accumulated surplus/(deficit)		160 578 151	129 367 326
		201 124 876	**129 850 589**

MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property rates	15	11 938 113	13 968 046
Service charges	16	58 409 794	48 748 683
Rental of facilities and equipment		122 025	145 152
Investment Revenue – external investments	19	4 507 405	3 548 736
Interest earned – outstanding debtors		1 419 562	2 150 625
Fines		85 313	131 182
Income from agency services		1 960 095	2 693 485
Government grants and subsidies received - operating	17	29 261 630	23 290 513
Government grants and subsidies received - capital	17	25 788 941	9 894 255
Public contributions, donated and contributed property, plant and equipment	18	65 856	-
Other income	20	1 770 871	2 866 566
Total Revenue		**135 329 606**	**107 437 243**
EXPENDITURE			
Employee related costs	21	41 686 891	36 563 369
Remuneration of councillors	22	3 167 246	2 256 355
Bad debts		-	3 150 000
Collection costs		-	44 271
Depreciation		9 047 219	7 363 010
Repairs and maintenance		3 600 076	2 851 323
Finance cost	23	726 528	661 248
Bulk purchases	24	26 379 616	18 346 327
General expenses	25	24 557 871	20 512 360
Total Expenditure		**109 165 446**	**91 748 264**
Gain/(Loss) on disposal of assets		(3 535 199)	
NET SURPLUS/(DEFICIT) FOR THE YEAR		**22 628 961**	**15 688 979**

MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Pre GRAP Reserves & Funds	Housing Development Fund	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R			R
Balance at 1 July 2007	120 945 414	483 263		22 514 937	143 943 614
GRAP implementation (note 26)	(120 945 414)			112 297 453	(8 647 961)
Restated balance	**-**	**483 263**		**134 812 390**	**135 295 653**
Changes in equity for 2008					
Net surplus for the year				15 688 979	15 688 979
Previous years adjustments				(10 584 543)	(10 584 543)
Property, plant and equipment purchased				-	-
Capital grants used to purchase PPE				-	-
Offsetting of depreciation				-	-
Balance at 30 June 2008	**-**	**483 263**		**139 916 826**	**140 400 089**
Balance at 1 July 2008					
Correction prior period errors (note 27)				(10 549 500)	(10 549 500)
Restated balance	**-**	**483 263**	**-**	**129 367 326**	**129 850 589**
Changes in equity for 2008					
Net surplus for the year				22 628 961	22 628 961
Previous years adjustments				8 581 864	8 581 864
Transfer to CRR				-	-
Property, plant and equipment purchased				-	-
Capital grants used to purchase PPE				-	-
Donated/contributed PPE				-	-
Revaluation of PPE			40 063 462		40 063 462
Assets disposed				-	-
Offsetting of depreciation				-	-
Balance at 30 June 2009	**-**	**483 263**	**40 063 462**	**160 578 151**	**201 124 876**

MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		129 863 170	105 842 951
Cash paid to suppliers and employees		(104 801 375)	(102 860 834)
Cash generated from / (utilized in) operations	**28**	**25 061 795**	**2 982 117**
Interest received		4 507 405	3 548 736
Interest paid		(726 528)	(661 248)
Net cash from operating activities		**28 842 673**	**5 869 605**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(34 178 896)	(14 457 586)
(Increase)/decrease in non-current receivables		-	154 579
(Increase)/decrease in non-current investments		654 626	(260 648)
(Increase)/decrease in current investments		(2 426 258)	13 143 753
Net cash used in investing activities		**(35 950 528)**	**(1 419 902)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in long term loans		(599 416)	(608 553)
Payment of finance lease liabilities		(429 785)	500 344
Net cash used in financing activities		**(1 029 201)**	**(108 209)**
Increase/(decrease) in cash and cash equivalents		**(8 137 056)**	**4 341 494**
Cash and cash equivalents at beginning of the year		17 513 289	13 171 795
Cash and cash equivalents at end of the year		9 376 233	17 513 289

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GRAP is set out in Note 26.

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

1.4 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Proceeds from housing development fund schemes which include instalment sale of houses is recognised as revenue in the statement of financial performance and a corresponding transfer is made to the Fund. The Housing Development Fund is cash backed.

Expenditure allowed in terms of the Housing Act is expensed in the Statement of Financial Performance and a corresponding transfer is made from the Fund.

1.5 RESERVES

1.5.1 Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR account or investment account and can only be used to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.5.2 Capitalisation Reserve

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from the Capitalisation Reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5.3 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5 RESERVES (cont)

1.5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5.5 Revaluation Reserve

Realised through use

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

(If Realised on disposal)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.6 PROPERTY, PLANT & EQUIPMENT

1.6.1 Initial recognition

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into use.

1.6 PROPERTY, PLANT & EQUIPMENT (cont)

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1.6.2 Subsequent measurement - revaluation model (land and buildings)
Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings at the date of revaluation less subsequent accumulated depreciation and impairment losses in respect of buildings only. All other items of property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Revaluations are performed with sufficient regularity, but at least every three to five years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

1.6.3 Subsequent measurement - cost model
Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

1.6.4 Depreciation and impairment
Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

Infrastructure Assets	**Years**
Roads, pavements, bridges and storm water	10
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Electricity reticulation	20-50
Sewerage purification and reticulation	15-20
Refuse sites	15
Security measures	5
Community Assets	
Parks and gardens	10-30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	30
Cemeteries	30
Other Assets	
Motor vehicles	5
Plant and equipment	5
IT equipment	3
Office equipment	3 - 5
Specialised vehicles	10

1.6 PROPERTY, PLANT & EQUIPMENT (cont)

Finance lease assets

Office equipment	5

Heritage assets

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

Notwithstanding the GAMAP transitional provisions applicable, the municipality is exempt from complying with the measurement requirements of GRAP 17, per class of assets, within the three years of initially adopting GRAP 17. Accordingly (certain classes of PPE), have not been measured according to GRAP 17 after initial adoption during (Period).

1.7 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Goodwill (negative goodwill) arises on the acquisition of associates and joint ventures.

Subsequent expenditure is capitalised only when in increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in the statement of financial performance as incurred.

1.7.1 Licences

Licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

1.7.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

1.7 INTANGIBLE ASSETS (cont)

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

On initial adoption of the Standard of GRAP on Intangible Assets, any accumulated and retained information about the costs and the future economic benefits or service potential related to intangibles assets that may have been previously expensed are now being recognised in accordance with the standard.

1.8 IMPAIRMENT OF FINANCIAL ASSETS

Impairments of Non-financial assets

Non-Financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

A servitude will only become impaired if the line to which the servitude is linked is derecognised. In practice a derecognised line will be refurbished or replaced by a new line. The likelihood of the impairment of a servitude right is remote.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assts in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, an cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.9 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as non-current assets held for sale when the carrying amount of the asset or disposal group is to be recovered principally through a sale transaction rather than through continuing use.

Immediately before the classification of the asset or disposal group as held for sale, the carrying amount of the assets, or the assets and liabilities in the disposal group, are measured in accordance with applicable GRAP standards. Subsequently the asset or disposal group is measured at the lower of its carrying amount and fair value less cost to sell, with any adjustment recorded in the statement of financial performance.

1.10 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment policy 1.6. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on the remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

The Municipality as Lessor

Amounts due from lessee under finance leases are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the cost of the asset is recognised as unearned finance income. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

1.11 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

1.11 FINANCIAL INSTRUMENTS (cont)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset an of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

Financial assets
Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.11.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the financial asset.

1.11.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables , and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, refer to impairment of assets 1.8 as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.11.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost. Investments that mature between 3 and 12 months are disclosed as current investments. Investments that mature above 12 months are disclosed as non current investments.

Surplus funds are invested in terms of Council’s Investment Policy and the investment regulations.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.11 FINANCIAL INSTRUMENTS (cont)

1.11.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, refer to impairment of assets 1.8 , are recognised directly in equity in the Mark-to-Market reserve.

Financial liabilities

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.11.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.11.2 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.12 INVENTORIES

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The Municipality has taken advantage of the three year transitional provision period in which it has to comply with GRAP 12.

1.13 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.14 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

1.15 EMPLOYEE BENEFITS

1.15.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.15.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.15.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

1.16 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.16.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
· The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Sale of goods

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest and royalties

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

1.16.2 Revenue from non-exchange transactions

Fines

Revenue from fines is recognised when payment is received and the revenue from the issuing of spot fines and summonses is recognised when collected together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

1.16 REVENUE RECOGNITION (cont)

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.17 BORROWING COSTS (EXPENSED)

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

BORROWING COSTS (CAPITALISED)

Borrowing costs directly related to the acquisition or construction of qualifying assets where there is a considerable period of time before such assets are substantially ready for their intended use are added to the cost of those assets for such periods of time. Investment income earned on the temporary investment of specific borrowings prior to being used in the acquisition or construction of such assets is deducted from the borrowing costs eligible to be capitalised.

All other borrowings costs are recognised as an expense in the Statement of Financial Performance.

1.18 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

		2009 R	2008 R
2.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents consist of the following:		
	Cash on hand	21 702	15 695
	Cash at bank	-	1 639 920
	Call deposits	10 570 781	15 857 674
		10 592 483	**17 513 289**
	Bank overdraft	**1 216 250**	**-**
	The municipality has the following bank accounts:		
	Current account (primary bank account)		
	Bank: First National Bank		
	Account number: 62026236829		
	Bank statement balance at beginning of year	7 895 285	1 314 687
	Bank statement balance at end of year	**5 651 064**	**7 895 285**
	Cash book balance at beginning of year	1 639 920	4 335 966
	Cash book balance at end of year	**(1 216 250)**	**1 639 920**

3.	**CONSUMER DEBTORS**	**Gross Balances**	**Provision for Doubtful Debts**	**Net Balance**
	30 June 2009			
	Service debtors			
	Rates	8 315 888	(3 167 398)	5 148 490
	Electricity	2 844 455	(1 083 411)	1 761 045
	Water	5 224 421	(1 989 904)	3 234 517
	Sewerage	2 390 309	(910 433)	1 479 876
	Refuse	3 457 571	(1 316 937)	2 140 634
	VAT	6 232 024		6 232 024
	Other	679 671		679 671
	Total	**29 144 339**	**(8 468 083)**	**20 676 256**
	30 June 2008			
	Service debtors			
	Rates	6 859 497		
	Electricity	(21 503 472)		
	Water	4 752 026		
	Sewerage	1 852 192		
	Refuse	3 414 347		
	Other	29 245 468		
	Total	**24 620 058**	**(9 399 780)**	**15 220 278**

The analysis and ageing of consumer debtors per service could not be provided as the billing system utilised by the municipality was not set up to generate such reports

Reconciliation of the doubtful debt provision

Balance at beginning of the year	9 399 779	7 723 490
Contributions to provision		3 150 000
Doubtful debts written off against provision	(931 696)	(1 473 711)
Reversal of provision		
Balance at end of year	**8 468 083**	**9 399 779**

		2009 R	2008 R
4.	**OTHER RECEIVABLES**		
	SARS - VAT	2 750 692	2 403 371
	Sundry debtors	3 133 163	4 737 574
	Operating lease asset	2 336	1 719
	Total Other Receivables	**5 886 191**	**7 142 664**
5.	**INVENTORIES**		
	Opening balance of inventories:	**3 409 439**	**1 611 371**
	Consumable stores - at cost	2 490 439	1 611 371
	Unsold property	919 000	-
	Additions:	**3 097 948**	**4 447 025**
	Consumable stores	3 097 948	3 528 025
	Unsold property	-	919 000
	Issued/sold (expensed):	**(2 690 596)**	**(2 648 957)**
	Consumable stores	(2 690 596)	(2 648 957)
	Unsold property	-	-
	Closing balance of inventories:	**3 816 791**	**3 409 439**
	Consumable stores	2 897 791	2 490 439
	Unsold property	919 000	919 000
	Water inventory	-	-
		3 816 791	**3 409 439**
6.	**INVESTMENT**		
	Unlisted		
	Non current investments	1 253 513	1 908 139
	Current investments	16 661 279	14 235 021
		17 914 792	**16 143 160**

Investments totalling R3 100 653 (2008: R2 799 732) were ceded to the DBSA and FNB respectively. These investments serve as security for the long term loans and a bank guarantee granted.

Investments of R12 059 154 (2008: R15 636 353) are attributable to the Capital Replacement Reserve and Housing Development Fund.

7. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings R	Infrastructure R	Community Assets R	Other Assets R	Total R
Carrying values at 1 July 2008	**30 269 472**	**79 584 888**	**1 196 833**	**9 034 497**	**120 085 690**
Cost	32 285 828	86 120 910	1 264 069	13 772 158	133 442 965
Accumulated depreciation – cost	(2 016 356)	(6 536 022)	(67 236)	(4 737 661)	(13 357 275)
Acquisitions	736 209	16 197 620	144 603	367 918	17 446 350
Capital under construction		16 732 546			16 732 546
Revaluation		40 063 461			40 063 461
Depreciation – based on cost	(1 085 160)	(5 276 024)	(48 557)	(2 637 478)	(9 047 219)
Carrying value of disposals	(199 097)	(1 283)		(3 334 819)	(3 535 199)
Cost	(221 242)	(3 212)		(6 602 845)	(6 827 299)
Accumulated depreciation	22 145	1 929		3 268 026	3 292 100
Carrying values at 30 June 2009	**29 721 424**	**147 301 208**	**1 292 879**	**3 430 118**	**181 745 629**
Cost	32 800 795	159 111 325	1 408 672	7 537 231	200 858 023
Accumulated depreciation – cost	(3 079 371)	(11 810 117)	(115 793)	(4 107 113)	(19 112 394)

Carrying values at 1 July 2007	**30 023 303**	**71 405 173**	**1 245 524**	**10 317 114**	**112 991 114**
Cost	30 999 568	74 170 960	1 264 069	12 550 782	118 985 379
Accumulated depreciation – cost	(976 265)	(2 765 787)	(18 545)	(2 233 668)	(5 994 265)
Acquisitions	1 286 260	11 949 950		1 221 376	14 457 586
Capital under construction					
Depreciation – based on cost	(1 040 091)	(3 770 235)	(48 691)	(2 503 993)	(7 363 010)
Carrying value of disposals					
Cost					
Accumulated depreciation					
Carrying values at 30 June 2008	**30 269 472**	**79 584 888**	**1 196 833**	**9 034 497**	**120 085 690**
Cost	32 285 828	86 120 910	1 264 069	13 772 158	133 442 965
Accumulated depreciation – cost	(2 016 356)	(6 536 022)	(67 236)	(4 737 661)	(13 357 275)

The Municipality has taken advantage of Property, Plant and Equipment transitional provisions of paragraphs .75 and .78 of Directive 4 of February 2008. The three year transitional period lapses on 30 June 2011.

The Municipality is in the process of itemising immovable assets and at present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of asset, using global historical costs recorded in the accounting records. The electricity infrastructure is itemised.

		2009 R	2008 R
8.	**LOANS AND RECEIVABLES**		
	Motor car loans	-	48 095
	Deposit - electricity	100 267	100 267
		100 267	**148 362**
	Less: current portion transferred to current receivables		
	Motor car loans	-	(48 095)
		100 267	**100 267**

Motor car loans
Senior staff were previously entitled to car loans which attract different interest rates and is repayable over a maximum period of 5 years. These loans are fully repaid.

Deposit electricity
The deposit is held by Eskom for bulk services rendered to the municipality.

9.	**TRADE AND OTHER PAYABLES**		
	Trade creditors	550 058	1 339 364
	Payments received in advance	3 688 125	4 056 485
	Staff leave	3 142 486	2 343 486
	Retentions	1 632 632	-
	VAT	3 885 916	4 330 728
	Unknown deposits	3 598 338	14 107 487
	Other (specify)	965 937	2 924 967
	Total Trade and Other Payables	**17 463 493**	**29 102 517**
10.	**CONSUMER DEPOSITS**		
	Water and electricity	**2 378 025**	**2 282 898**

No interest is paid on consumer deposits.

	Guarantees held in lieu of electricity and water deposits	**357 789**	**339 658**
11.	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
	Conditional Grants from other spheres of Government		
	Finance Management Grant	580 091	295 950
	DME	1 822 535	1 822 535
	Municipal Systems Improvement Grant	110 514	
	Total Conditional Grants and Receipts	**2 513 140**	**2 118 485**

See note 17 for the reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilised.

		2009 R	2008 R
12.	**INTEREST BEARING BORROWINGS**		
	Bank loan	-	150 201
	Annuity loans	4 097 527	4 546 742
		4 097 527	4 696 943
	Less: Current portion transferred to current liabilities	(446 081)	(571 582)
		3 651 446	**4 125 361**
	Refer to Appendix A for more detail on interest bearing borrowings.		

13. FINANCE LEASE LIABILITY

	Minimum lease payment	Future finance charges	Present value of lease payments
30 June 2009			
Amounts payable under finance leases			
Within one year	347 457	84 207	263 250
Within two to five years	447 935	79 021	368 914
	795 392	**163 228**	**632 164**
Less: Amount due for settlement within 12 months (current portion)			**(263 250)**
			368 914
30 June 2008			
Amounts payable under finance leases			
Within one year	573 397	143 611	429 786
Within two to five years	795 392	163 228	632 164
	1 368 789	**306 839**	**1 061 950**
Less: Amount due for settlement within 12 months (current portion)			**(429 786)**
			632 164

The liability is secured by office equipment under a deemed finance lease with a carrying value of R561 387. The effective interest rate is 29.79% and is repayable in 60 equal instalments of which the first was paid in October 2004. The last instalment is payable during January 2012.

14. NON CURRENT PROVISION

Post employment benefits		
Accrued liability at beginning of year	10 549 500	
Services cost	403 418	
Interest cost	1 119 303	
Contribution payments	(407 532)	
Actuarial (gain)/loss	(357 755)	
Accrued liability at end of year	**11 306 934**	**10 549 500**
Past service (accrued) liability		
Main assumptions		
Discount rate	10.25%	
Health care cost inflation	9.66%	
Future service (accrued) liability		
Main assumptions		
Discount rate	9.17%	
Health care cost inflation	7.82%	

		2009 R	2008 R
15.	**PROPERTY RATES**		
	Residential	4 780 146	4 918 693
	Commercial	6 005 519	8 057 418
	State	592 279	
	Agricultural	560 169	991 935
		11 938 113	**13 968 046**
	VALUATIONS	**R000's**	**R000's**
	Residential	23 533 822	579 266
	Commercial	5 179 792	835 244
	State	664 786	
	Agricultural	39 968 753	15 217 163
		69 347 153	**16 631 673**

Valuations on land and buildings are performed every four years. A new valuation roll came into effect as from 1 July 2008. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions.

Various rates apply for the different categories (2008: R0.1292) which is applied to property valuations to determine assessment rates. Rebates of 20% are granted to residential and state property owners.

Interest at 12.65% per annum (2008: 12.65%) is levied on outstanding rates.

16.	**SERVICE CHARGES**		
	Sale of electricity	32 496 079	25 890 335
	Sale of water	13 893 942	11 883 682
	Refuse removal	5 181 213	4 795 863
	Sewerage and sanitation charges	6 838 560	6 178 803
		58 409 794	**48 748 683**
17.	**GOVERNMENT SUBSIDIES & GRANTS**		
	Operating Grants	**29 261 630**	**23 290 513**
	Equitable share	27 626 349	21 551 821
	Finance management Grant	1 010 795	500 000
	Municipal Systems Improvement Grant	624 486	727 653
	Other	-	511 039
	Capital Grants	**25 788 941**	**9 894 255**
	Municipal Infrastructural Grant	21 776 941	8 571 732
	DME	4 012 000	1 322 523
	Total Government Grants & Subsidies	**55 050 571**	**33 184 768**

		2009 R	2008 R
17.	**GOVERNMENT SUBSIDIES & GRANTS (cont)**		
17.1	***Equitable Share***		
	In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.		
17.2	***Finance Management Grant***		
	Balance unspent at beginning of year	295 950	295 950
	Current year receipts	1 294 936	500 000
	Conditions met – transferred to revenue	(1 010 795)	(500 000)
	Unspent amount transferred to liabilities (see note 11)	**580 091**	**295 950**
	This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
17.3	***Municipal Systems Improvement Grant***		
	Balance unspent at beginning of year	-	-
	Current year receipts	735 000	734 000
	Conditions met – transferred to revenue	(624 486)	(734 000)
	Unspent amount transferred to liabilities (see note 11)	**110 514**	**-**
	The purpose of the grant is for institutional systems. No funds were withheld or delayed.		
17.4	***Other***		
	DPLG	-	500 000
	Waterberg District Municipality	-	11 039
	Conditions met – transferred to revenue	-	(511 039)
	Unspent amount transferred to liabilities	**-**	**-**
17.5	***Municipal Infrastructure Grant (MIG)***		
	Balance unspent at beginning of year	-	-
	Current year receipts	21 776 941	8 571 732
	Conditions met – transferred to revenue	(21 776 941)	(8 571 732)
	Unspent amount transferred to liabilities	**-**	**-**
	This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met. Funds amounting to R3.3 million were withheld due to under spending of the grant.		
17.6	***DME***		
	Balance unspent at beginning of year	1 822 535	-
	Current year receipts	4 012 000	3 145 058
	Conditions met – transferred to revenue	(4 012 000)	(1 322 523)
	Unspent amount transferred to liabilities (see note 11)	**1 822 535**	**1 822 535**
	The grant was utilised to install electricity infrastructure. No funds were withheld or delayed.		
17.7	**Changes in levels of government grants**		
	Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		

		2009 R	2008 R
18.	**PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT**		
	Waterberg District Municipality	65 856	-
		65 856	**-**
19.	**INVESTMENT REVENUE - EXTERNAL INVESTMENTS**		
	Current account	817 725	595 686
	External investments	3 689 680	2 953 050
		4 507 405	**3 548 736**
20.	**OTHER INCOME**		
	Fire fighting	117 606	252 798
	Connection and reconnection fees	631 267	284 159
	Magalies water savings	-	1 270 896
	Cemetery fees	121 612	174 184
	Sundry	900 386	884 528
	Total Other Income	**1 770 871**	**2 866 566**
21.	**EMPLOYEE RELATED COSTS**		
	Employee related cost - Salaries and wages	30 584 508	26 354 151
	Employee related cost - Social contributions	6 325 667	5 641 336
	Travel, motor car, accommodation & other allowances	2 133 245	2 451 322
	Housing benefits and allowances	189 835	253 869
	Overtime benefits	1 654 635	1 112 691
	Leave provision	799 000.00	750 000
		41 686 891	**36 563 369**
	There were no advances paid to employees. Loans to employees is set out in Note 8.		
	Municipal Manager		
	Annual remuneration	523 180	332 973
	Allowances	127 889	139 480
	Council Contributions	109 214	112 941
		760 283	**585 394**
	Chief Financial Officer		
	Annual remuneration	465 450	353 745
	Allowances	116 000	120 000
	Council Contributions	1 535	1 473
		582 985	**475 218**

Remuneration of Individual Managers 30 June 2009	**Technical Services**	**Corporate Services**	**Social Services**
Annual remuneration	322 494	357 374	338 993
Allowances	111 687	273 810	116 092
Council Contributions	72 688	83 747	96 218
	506 869	**714 931**	**551 303**

		2009 R	2008 R
21.	**EMPLOYEE RELATED COSTS (cont)**		
	Remuneration of Individual Managers	**Technical Services**	**Corporate Services**	**Social Services**
	30 June 2008			
	Annual remuneration	294 904	252 786	254 377
	Allowances	101 213	97 798	113 935
	Council Contributions	72 249	60 669	89 674
		468 366	**411 253**	**457 986**
	No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.			
22.	**REMUNERATION OF COUNCILLORS**			
	Mayor		506 127	489 904
	Speaker		416 244	395 323
	Executive Committee members		435 843	409 610
	Councillors		1 809 032	961 518
			3 167 246	**2 256 355**
	The Mayor, Speaker and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council.			
	The Mayor has use of a Council owned vehicle for official duties.			
23.	**FINANCE COST**			
	Annuity loans		726 528	661 248
			726 528	**661 248**
24.	**BULK PURCHASES**			
	Electricity		22 714 162	14 929 301
	Water		3 665 453	3 417 026
			26 379 616	**18 346 327**

		2009 R	2008 R
25.	**GENERAL EXPENSES**		
	Included in general expenses is the following:-		
	Advertising	236 018	299 404
	Admin fees	-	52 831
	Audit fees	1 294 095	781 164
	Bank charges	620 341	877 212
	Bursaries	488 942	216 237
	Conferences and delegations	46 974	263 275
	Entertainment	204 361	132 104
	Indigent expenditure	2 133 668	2 385 611
	Insurance	1 567 102	1 564 887
	Legal expenses	1 144 576	962 163
	Membership fees	399 817	151 718
	Postage	142 289	107 518
	Printing and stationery	544 610	414 185
	Professional fees	72 526	11 803
	Programming	503 704	1 053 646
	Rental of office equipment	254 474	195 563
	Security costs	2 195 352	804 499
	Subscription & publication	319 615	37 039
	Telephone & cellphone costs	1 199 563	1 187 116
	Training	315 500	303 346
	Travel and subsistence	501 926	454 972
	Valuation costs	282 212	792 588
	Vehicle costs	1 747 860	2 394 575
	Other	8 342 347	5 068 904
		24 557 871	**20 512 360**

26. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -

26.1 Statutory Funds

Balance previously reported: -	
Capital Development Fund	21 548 149
Endowment Funds	950 874
Land Trust Fund	4 582 430
Township Development Suspense	(42 312)
Bursary Fund	377 442
Loan Redemption Fund	364 018
Parking Fund	35 000
Trust Funds	49 269
Loans Redeemed and Other Capital Receipts	93 080 544
Total	**120 945 414**

		2009 R	2008 R
26.	**CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP (cont)**		
	Implementation of GRAP		
	Transferred to the Capital Replacement Reserve		17 584 996
	Transferred to the Capitalisation Reserve		3 427 727
	Transferred to the Government Grant Reserve		17 268 941
	Transferred to Accumulated Surplus (see 26.5 below)		82 663 750
	Total		**120 945 414**
	26.2 Property, plant and equipment		
	Balance previously reported		**97 852 323**
	Implementation of GRAP		
	Asset value adjustment		3 146
	Assets erroneously captured		(465 609)
	Previously reported amounts written off that no longer meet the criteria of an asset		(3 579 435)
	Assets transferred to other spheres		(101 484)
	Finance leased assets previously not recognised		570 687
	Total (debited to Accumulated Surplus) (see 26.5 below)		**(3 572 695)**
	26.3 Inventory		
	Balance previously reported		**-**
	Implementation of GRAP		
	Unsold property now shown as inventory		**919 000**
	Total (credited to Accumulated Surplus) (see 26.5 below)		
	26.4 Accumulated Depreciation		
	Balance previously reported		**-**
	Implementation of GRAP		
	Backlog depreciation: Infrastructure		2 765 788
	Backlog depreciation: Community		994 810
	Backlog depreciation: Other		2 233 668
	Total (debited to Accumulated Surplus) (see 26.5 below)		**5 994 266**
	26.5 Accumulated Surplus		
	Implementation of GRAP		
	Transferred from statutory funds (see 26.1 above)		82 663 750
	Property, plant & equipment adjustments (see 26.2 above)		(3 572 695)
	Adjustments to inventory (see 26.3 above)		919 000
	Backlog depreciation (see 26.4 above)		(5 994 266)
	Total		**74 015 789**
27.	**CORRECTION OF PRIOR PERIOD ERRORS**		
	During the year ended 30 June 2008, no provision was made for post employment benefits.		
	The comparative amount has been restated as follows:		
	Correction of non current provisions		
	- Attributable to the 2008 Financial Year		(10 549 500)
	Net effect on Surplus/(Deficit) for the year		**(10 549 500)**

		2009 R	2008 R
28.	**CASH GENERATED FROM/(UTILISED IN) OPERATIONS**		
	Net surplus for the year	22 628 961	15 688 979
	Adjustment for:		
	Prior year adjustments	9 387 393	
	Depreciation charges	9 047 219	7 363 010
	Contributions to leave provision		
	Loss on disposal of assets	3 535 199	
	Interest received	(4 507 405)	(3 548 736)
	Interest paid	726 528	661 248
	GRAP conversion		(20 221 674)
	Non-operating expenditure		
	Operating surplus before working capital changes	**40 817 894**	**(57 173)**
	(Increase)/decrease in inventories	(407 352)	(1 798 068)
	(Increase)/decrease in consumer debtors	(5 455 978)	2 724 230
	(Increase)/decrease in other debtors	1 256 473	(2 983 751)
	Increase/(decrease) in conditional grants	394 655	2 118 485
	Increase/(decrease) in trade payables and other payables	(11 639 024)	2 882 914
	Increase/(decrease) in consumer deposits	95 127	95 480
	Net cash from operating activities	**25 061 795**	**2 982 117**

29. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003

29.1 Contribution to SALGA

Council membership fees payable	399 817	111 808
Amount paid current year	(399 817)	(111 808)
Balance unpaid (included in creditors)	**-**	**-**

29.2 Audit Fees

Current year audit fee	1 294 095	781 164
Amount paid current year	(1 294 095)	(781 164)
Balance unpaid (included in creditors)	**-**	**-**

29.3 VAT

VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in notes 4. All VAT returns have been submitted by the due date throughout the year.

29.4 PAYE & UIF

Current payroll deductions	3 754 551	3 379 169
Amount paid current year	(3 754 551)	(3 379 169)
Balance unpaid	-	-

29.6 Pension and Medical Aid Deductions

Current payroll deductions	9 602 085	8 581 855
Amount paid current year	(9 602 085)	(8 581 855)
Balance unpaid	-	-

29.7 Electricity distribution losses

The electricity distribution losses was 30% for the year under review.

		2009 R	2008 R
30.	**COUNCILOR'S ARREAR CONSUMER ACCOUNTS**		
	The following councillors were in arrears with their municipal accounts at 30 June 2009.		
	Councillor MJ Mashao	10 417	
	Councillor M P Kekana		5 815
	Councillor S A Sebolai	821	1 036
	Councillor RR Molekoa	1 137	
	Councillor S D Sebelebele	2 570	3 431
	Councillor L G Trichardts	3 722	5 524
	Councillor SF Kobe	7 456	
	Councillor T T Mohapi		5 070
		26 123	**20 876**
31.	**COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for	**5 161 109**	**20 115 271**
	The expenditure will be financed from:		
	- Government Grants	**5 161 109**	**6 413 456**

32. DEVIATIONS FROM SUPPLY CHAIN

Refer to Appendix F for details relating to deviation from supply chain processes.

33. CONTINGENT LIABILITIES

33.1 EDC Brooks

Unfair dismissal. R75 000 and reinstatement for 3 years at R400 000.

33.2 LK Thobane

Performance bonus discrepancies. Difference in payment of performance bonus of R 27249.30 for 2005/2006 year.

33.3 KC Joubert

Appointment discrepancies. Appointment as Admin Clerk in Mabatlane at Post Level R77728 per annum

33.4 Phala

Parity in Post levels. To be remunerated according to Post Level 5 (Difference between the two post is R146620

33.5 Sekgala

Parity in Post levels. To be remunerated according to Post Level 7 (Difference between the two post is R 3251.64)

		2009 R	2008 R

33. CONTINGENT LIABILITIES (cont)

33.6 Molantoa
Parity in Post levels. To be remunerated according to Post Level 7 (Difference between the two post is R 3251.64)

33.7 Kemp
Repurchase of Kemp's house Erf 516. Rental of R2000 per month, plus R240000 as purchase price for the house

33.8 Dirk Breedt Attorneys
Claim against postponement of case. An amount of R1785.00

34. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2)

35. UNAUTHORISED EXPENDITURE

The municipality exceeded the operating budget with an amount of R3 312 083.

APPENDIX A
SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2009

External Loans	Loan No.	Redeemable	Balance at 30 June 2008	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2009
			R	R	R	R	R
LONG TERM LOANS							
ABSA	3004592353	2009	150 201	9 176		150 201	-
Development Bank of Southern Africa	11191/1	2014	588 893	95 125		63 716	525 177
Development Bank of Southern Africa	LN10467	2017	1 785 563	211 800		109 052	1 676 511
Development Bank of Southern Africa	NP13537	2020	1 735 716	216 847		147 720	1 587 996
Development Bank of Southern Africa	LN14008/1	2011	425 250	48 442		121 500	303 750
Development Bank of Southern Africa	12647	2009	11 320	1 206		7 227	4 093
Total External Loans			**4 696 943**	**582 596**		**599 416**	**4 097 527**

MODIMOLLE LOCAL MUNICIPALITY

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009

	HISTORICAL COST						ACCUMULATED DEPRECIATION				
	Opening Balance	Additions/ Transfers	Under Construction	Revaluation	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value
	R	R	R		R	R	R	R	R	R	R
INFRASTRUCTURE	**86 120 910**	**16 197 620**	**16 732 546**	**40 063 461**	**3 212**	**157 070 615**	**6 536 023**	**5 276 023**	**1 929**	**9 769 407**	**147 301 208**
Roads, pavements, bridges & stormwater	2 528 965	7 947 942	6 290 514			16 767 421	120 672	226 974		347 646	16 419 775
Water reservoirs & reticulation	39 429 285	3 765 576	149 538			43 344 399	2 810 574	1 986 543		4 797 117	38 547 282
Electricity reticulation	19 550 605	4 240 982		40 063 461		61 814 338	1 795 778	1 782 963		1 538 031	60 276 307
Sewerage purification & reticulation	21 156 584	155 720	10 292 494			31 604 798	1 588 252	1 057 829		2 646 081	28 958 717
Refuse sites	2 923 487					2 923 487	195 166	97 449		292 615	2 630 872
Other	531 984	87 400			3 212	616 172	25 581	124 265	1 929	147 917	468 255
COMMUNITY ASSETS	**33 549 897**	**880 813**	**-**		**221 242**	**34 209 468**	**2 083 591**	**1 133 718**	**22 144**	**3 195 165**	**31 014 303**
Buildings	32 285 828	736 210			221 242	32 800 796	2 016 356	1 085 160	22 144	3 079 371	29 721 425
Cemetery	622 650					622 650	38 199	20 756	-	58 955	563 695
Recreational facilities	641 419	144 603				786 022	29 037	27 803	-	56 839	729 183
OTHER ASSETS	**13 772 159**	**367 918**	**-**		**6 602 845**	**7 537 232**	**4 737 661**	**2 637 478**	**3 268 025**	**4 107 114**	**3 430 118**
Other motor vehicles	4 053 945	160 057			2 216 690	1 997 312	1 332 339	815 041	1 215 659	931 721	1 065 591
Plant & equipment	2 935 270	66 412			2 049 935	951 747	625 103	396 803	663 869	358 037	593 711
Office equipment	3 786 033	90 056			1 000 722	2 875 367	1 979 397	977 942	824 909	2 132 431	742 937
Bulk Refuse Containers	260 000	-			-	260 000	52 855	52 000	-	104 855	155 145
Emergency Equipment	44 714	-			43 956	758	7 285	3 638	10 770	153	606
Furniture Fittings	2 692 198	51 393			1 291 543	1 452 048	740 682	392 054	552 818	579 918	872 130
TOTAL	**133 442 966**	**17 446 351**	**16 732 546**	**40 063 461**	**6 827 299**	**198 817 315**	**13 357 275**	**9 047 219**	**3 292 099**	**17 071 686**	**181 745 629**

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009

	HISTORICAL COST						ACCUMULATED DEPRECIATION				
	Opening Balance	Additions/ Transfers	Under Construction	Fair Value	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value
	R	R			R	R	R	R	R	R	R
EXECUTIVE COUNCIL	**64 000 199**	**-**	**-**		**448 174**	**63 552 025**	**5 497 245**	**2 131 347**	**193 868**	**7 434 724**	**56 117 301**
Council General	64 000 199	-			448 174	63 552 025	5 497 245	2 131 347	193 868	7 434 724	56 117 301
Office Bearers						-				-	0
FINANCE & ADMINISTRATION	**7 422 539**	**907 509**	**-**		**1 719 057**	**6 610 990**	**1 677 646**	**1 115 145**	**969 041**	**1 823 751**	**4 787 240**
Finance	1 646 855	-			634 970	1 011 885	648 294	385 557	428 725	605 127	406 758
Human resources	100 014	-			29 920	70 094	42 741	87 924	21 562	109 103	(39 009)
Administrative services	3 414 434	851 488			939 226	3 326 696	857 071	501 590	464 767	893 894	2 432 802
Develop & communication	85 265	-			21 998	63 267	36 233	18 135	12 690	41 678	21 590
Municipal Buildings	2 175 971	56 021			92 944	2 139 048	93 307	121 939	41 297	173 949	1 965 099
PLANNING & DEVELOPMENT	**1 307 970**	**-**	**-**		**970 572**	**337 398**	**326 648**	**253 714**	**325 311**	**255 052**	**82 346**
IDP/LED											
Town planning	1 307 970	-			970 572	337 398	326 648	253 714	325 311	255 052	82 346
ROAD TRANSPORT	**5 093 518**	**7 947 942**	**6 290 514**		**1 728 154**	**17 603 819**	**1 116 525**	**718 368**	**992 686**	**842 207**	**16 761 613**
Vehicle licensing & testing											
Public Works	3 452 079	7 947 942	6 290 514		396 957	17 293 578	502 603	406 237	246 057	662 782	16 630 796
Workshop	1 641 439	-			1 331 197	310 241	613 923	312 131	746 629	179 425	130 816
COMMUNITY & SOCIAL SERVICES	**290 779**	**-**	**-**		**8 747**	**282 032**	**37 708**	**21 168**	**5 561**	**53 315**	**228 716**
Libraries	68 741	-			8 747	59 994	26 253	13 767	5 561	34 459	25 534
Cemeteries	222 038	-			-	222 038	11 455	7 401	-	18 856	203 182
PUBLIC SAFETY	**2 181 589**	**36 500**	**-**		**475 056**	**1 743 033**	**654 075**	**337 304**	**289 327**	**702 052**	**1 040 981**
Fire											
Traffic	2 181 589	36 500			475 056	1 743 033	654 075	337 304	289 327	702 052	1 040 981
SPORT & RECREATION	**1 984 301**	**144 603**	**-**		**340 194**	**1 788 710**	**497 256**	**220 275**	**169 184**	**548 347**	**1 240 364**
Sport & recreation	1 984 301	144 603			340 194	1 788 710	497 256	220 275	169 184	548 347	1 240 364
WASTE WATER MANAGEMENT	**7 826 318**	**192 282**	**10 292 493**		**40 980**	**18 270 113**	**286 779**	**401 475**	**8 791**	**679 462**	**17 590 650**
Sewerage	7 826 318	192 282	10 292 493		40 980	18 270 113	286 779	401 475	8 791	679 462	17 590 650
WASTE MANAGEMENT	**856 695**	**123 557**	**-**		**596 695**	**383 557**	**93 288**	**95 639**	**80 213**	**108 714**	**274 843**
Refuse removal	856 695	123 557			596 695	383 557	93 288	95 639	80 213	108 714	274 843
WATER	**39 889 597**	**3 852 976**	**149 539**		**218 836**	**43 673 277**	**2 896 413**	**2 073 704**	**89 329**	**2 840 080**	**40 833 197**
Water	39 889 597	3 852 976	149 539		218 836	43 673 277	2 896 413	2 073 704	89 329	2 840 080	40 833 197
ELECTRICITY	**2 589 461**	**4 240 982**	**-**	**40 063 461**	**280 832**	**44 572 361**	**273 691**	**1 679 079**	**168 787**	**1 783 983**	**42 788 379**
Electricity distribution	2 589 461	4 240 982		40 063 461	280 832	44 572 361	273 691	1 679 079	168 787	1 783 983	42 788 379
TOTAL	**133 442 966**	**17 446 350**	**16 732 546**	**40 063 461**	**6 827 298**	**198 817 315**	**13 357 275**	**9 047 219**	**3 292 099**	**17 071 685**	**181 745 629**

MODIMOLLE LOCAL MUNICIPALITY

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Actual Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)
R	R	R		R	R	R
20 899 896	**14 825 220**	**6 074 676**	**EXECUTIVE COUNCIL**	**15 766 177**	**11 248 101**	**4 518 075**
20 899 896	14 825 220	6 074 676	Council General	14 802 319	5 173 685	9 628 634
			Office Bearers	963 857	6 074 416	(5 110 559)
9 639 662	**10 709 259**	**(1 069 596)**	**FINANCE & ADMINISTRATION**	**19 910 203**	**16 704 835**	**3 205 368**
7 930 044	4 673 004	3 257 040	Finance	18 828 215	4 470 320	14 357 894
			Information technology	20 195	238 678	(218 483)
66 401	610 151	(543 750)	Human resources	-	615 886	(615 886)
264 073	48 157	215 916	Property services	-	-	-
829 809	2 595 768	(1 765 958)	Administrative services	592 409	5 404 146	(4 811 737)
-		-	Supply Chain	-	343 715	(343 715)
-	587 997	(587 997)	Develop & communication	-	2 023 067	(2 023 067)
549 335	2 194 182	(1 644 847)	Municipal Buildings	105 204	3 528 976	(3 423 772)
-	-	-	Estates	364 180	80 046	284 133
212 873	**2 106 371**	**(1 893 498)**	**PLANNING & DEVELOPMENT**	**156 284**	**3 940 651**	**(3 784 367)**
11 039	712 371	(701 333)	IDP/LED	-	1 081 384	(1 081 384)
201 834	1 394 000	(1 192 165)	Town planning	156 284	2 859 267	(2 702 983)
3 820 520	**7 903 831**	**(4 083 311)**	**ROAD TRANSPORT**	**15 979 029**	**11 037 607**	**4 941 422**
2 704 906	1 513 854	1 191 052	Vehicle licensing & testing	1 960 095	1 959 964	131
1 115 614	5 497 698	(4 382 084)	Public Works	14 018 934	7 494 246	6 524 688
-	892 279	(892 279)	Workshop	-	-	-
-	-	-	Mechanical	-	1 583 397	(1 583 397)
205 831	**1 368 227**	**(1 162 395)**	**COMMUNITY & SOCIAL SERVICES**	**155 057**	**1 901 892**	**(1 746 835)**
31 647	822 367	(790 720)	Libraries	33 445	1 012 146	(978 701)
174 184	545 859	(371 675)	Cemeteries	121 612	889 746	(768 134)
380 148	**2 785 016**	**(2 404 868)**	**PUBLIC SAFETY**	**200 047**	**3 314 377**	**(3 114 330)**
252 798	210 275	42 523	Fire	117 606	118 172	(566)
127 350	2 574 741	(2 447 391)	Traffic	82 441	3 196 206	(3 113 764)
484 040	**3 767 354**	**(3 283 314)**	**SPORT & RECREATION**	**13 873**	**4 427 744**	**(4 413 871)**
484 040	3 767 354	(3 283 314)	Sport & recreation	13 873	4 427 744	(4 413 871)
12 862 429	**4 559 662**	**8 302 768**	**WASTE WATER MANAGEMENT**	**17 173 140**	**5 315 136**	**11 858 004**
12 862 429	4 559 662	8 302 768	Sewerage	17 173 140	5 315 136	11 858 004
6 321 372	**5 619 463**	**701 909**	**WASTE MANAGEMENT**	**6 320 318**	**6 156 171**	**164 147**
6 321 372	5 619 463	701 909	Refuse removal	6 320 318	6 156 171	164 147
19 165 881	**13 134 148**	**6 031 733**	**WATER**	**16 940 297**	**13 885 504**	**3 054 793**
19 165 881	13 134 148	6 031 733	Water	16 940 297	13 885 504	3 054 793
33 444 592	**24 935 979**	**8 508 612**	**ELECTRICITY**	**42 715 183**	**34 768 628**	**7 946 555**
33 444 592	24 935 979	8 508 612	Electricity distribution	42 715 183	34 768 628	7 946 555
107 437 244	**91 714 529**	**15 722 715**	**Total**	**135 329 606**	**112 700 645**	**22 628 961**

APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	11 938 113	12 823 761	(885 648)	(6.91)	
Service charges	58 409 794	56 838 330	1 571 464	2.76	
Rental of facilities and equipment	122 025		122 025		
Interest earned – external investments	4 507 405	1 200 000	3 307 405	275.62	Surplus funds invested
Interest earned – outstanding debtors	1 419 562	1 379 348	40 214	2.92	
Fines	85 313	84 000	1 313	1.56	
Revenue for agency services	1 960 095	2 980 000	(1 019 905)	(34.22)	Additional revenue received from licensing
Government grants & subsidies – operating	29 261 630	29 611 349	(349 719)	(1.18)	
Government grants & subsidies – capital	25 788 941	28 312 000	(2 523 059)	(8.91)	
Public contributions, donated and contributed property, plant and equipment	65 856		65 856		
Other revenue	1 770 871		1 770 871		
Total Revenue	**135 329 606**	**133 228 788**	**2 100 818**	**1.58**	
EXPENDITURE					
Employee related costs	41 686 891	38 374 808	3 312 083	8.63	
Remuneration of councillors	3 167 246	3 478 115	(310 869)	(8.94)	
Bad debts	-	3 000 000	(3 000 000)	(100.00)	
Collection costs	-	500 000	(500 000)	(100.00)	
Capital charges		4 333 000	(4 333 000)	(100.00)	Implementation of GRAP
Depreciation	9 047 219		9 047 219		Implementation of GRAP
Repairs & maintenance	3 600 076	5 333 360	(1 733 284)	(32.50)	
Finance costs	726 528		726 528		Implementation of GRAP
Bulk purchases	26 379 616	26 000 000	379 616	1.46	
General expenses	24 557 871	28 699 154	(4 141 283)	(14.43)	
Total Expenditure	**109 165 446**	**109 718 437**	**(552 991)**	**(0.50)**	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**26 164 160**	**23 510 351**	**2 653 809**		

APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE COUNCIL	**-**	**-**	**-**	**-**	**-**		
Council General			-		-		
Office Bearers			-				
FINANCE & ADMINISTRATION	**907 509**	**-**	**907 509**	**104 500**	**799 488**	**765.06**	
Finance				-	-		
Information technology					-		
Human resources					-		
Property services					-		
Administrative services	851 488		829 488	30 000	799 488		
Supply Chain							
Develop & communication			22 000	22 000			
Municipal buildings	56 021		56 021	52 500	3 521		
PLANNING & DEVELOPMENT	**-**	**-**	**-**	**2 270 000**	**(2 060 000)**	**(90.75)**	
IDP/LED				210 000			
Town planning				2 060 000	(2 060 000)		
ROAD TRANSPORT	**7 947 942**	**6 290 514**	**14 238 456**	**15 000 000**	**(761 544)**	**(5.08)**	
Vehicle licensing & testing					-		
Public Works	7 947 942	6 290 514	14 238 456	15 000 000			
Mechanical	**-**	**-**	**-**	**-**	**-**		
COMMUNITY & SOCIAL SERVICES	-	-	-	-	-		
Libraries					-		
Cemeteries							
PUBLIC SAFETY	**36 500**	**-**	**36 500**	**50 000**	**(13 500)**	**(27.00)**	
Fire					-		
Traffic	36 500		36 500	50 000	(13 500)		
SPORT & RECREATION	**144 603**	**-**	**144 603**	**-**	**144 603**		
Sport & recreation	144 603		144 603				
WASTE WATER MANAGEMENT	**192 282**	**10 292 493**	**10 484 775**	**9 378 000**	**1 030 332**	**10.99**	
Sewerage	192 282	10 292 493	10 484 775	9 378 000	1 106 775		
WASTE MANAGEMENT	**123 557**	**-**	**123 557**	**200 000**	**(76 444)**	**(38.22)**	
Refuse removal	123 557		123 557	200 000			
WATER	**3 852 976**	**149 539**	**4 002 515**	**2 398 000**	**1 604 515**	**66.91**	
Water distribution	3 852 976	149 539	4 002 515	2 398 000	1 604 515		
ELECTRICITY	**4 240 982**	**-**	**4 240 982**	**4 712 000**	**(471 018)**	**(10.00)**	
Electricity distribution	4 240 982		4 240 982	4 712 000	(471 018)		
TOTAL	**17 446 350**	**16 732 546**	**34 178 896**	**34 112 500**			

APPENDIX F
DEVIATION FROM SUPPLY CHAIN PROCESSES
SUPPLY CHAIN MANAGEMENT REGULATION 36(2) FOR THE YEAR ENDED 30 JUNE 2009

DATE	DEPARTMENT	SUPPLIER	AMOUNT	REASON FOR DEVIATION
11-Nov-08	Technical Services	WETCON	R 58 684.00	Sole supplier and there is none within database
29-Nov-08	Technical Services	AMK & AMS Town Plan	R 91 200.00	The budget was below R200 000 which is allowed in terms of section 35 of SCM policy.
20-Oct-08	Budget and Treasury	Infograte CC	R 141 097.80	Service provider appointed urgently due to advise from AG during audit to update banks recons so that the audit opinion could be changed.
05-Jan-09	Technical Services	Batho Pele Service Providers	R 175 564.78	Long overdue project so Council agreed to deviation
19-Feb-09	Technical Services	ABB South Africa	R 50 010.00	Sole supplier and there is none within database
23-Feb-09	Technical Services	MOK Developments Consultants	R 273 600.00	Long overdue project and Council agreed to deviation
01-Apr-09	Corporate Services	La Mercy Consulting	R 76 100.00	Allocated MSIG funding could not be found from votes in time.
10-Mar-09	Corporate Services	ZANAB MEER	R 149 000.00	Allocated MSIG funding could not be found from votes in time. Procurement was speeded to avoid disqualification from future grant allocations.
29-Jun-09	Budget and Treasury	Akhile Management and Consulting (Pty) Ltd	R 195 624.00	Procurement of goods and services under contracts secured by other organ of state.